Dow U.S.A.

The Dow Chemical Company Freeport, Texas 77541

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STEERING COMMITTEE QUESTION RELATIVE TO ASBESTOS AVAILABILITY AND INVENTORY

I discussed the question of asbestos inventory and long-term availability with Tom Austin in Louisiana. Our present diaphragms use a mix of white asbestos (80%) and blue asbestos (20%).

The blue asbestos comes from South Africa and the long-term supplier reliability is a real question. For that reason, a 5-year supply is currently maintained in inventory. The white asbestos is supplied by a mine in Vermont. We are also concerned about this supplier being a reliable long-term supplier due to dwindling demand and safety problems. However, we have identified an asbestos mining company in Canada which appears to be a long-term reliable supplier for white asbestos.

Short-term, we are working to develop a diaphragm from all white asbestos with comparable performance to the current diaphragm and prospects appear favorable.

We must be prepared to eliminate asbestos from diaphragms during the next 10 years and work is proceeding to develop a non-asbestos diaphragm which has comparable performance to that of asbestos diaphragm. Tom Austin feels very optimistic about our ability to achieve this objective within the next several years.

In summary, we appear to have covered our requirements for the production of asbestos diaphragms over the next 5 years. We need to have developed a high performance non-asbestos diaphragm by 1995.

Beyond 1995, we should begin the evolutionary integration of membrane technology into our operations in preparation for major efficiency improvements in the 2000's.

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